

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
FOREST VIEW ACRES WATER DISTRICT
AND THE BOARD OF DIRECTORS OF THE
WATER ACTIVITY ENTERPRISE
HELD
DECEMBER 7, 2005

A regular meeting of the Board of Directors of the Forest View Acres Water District and the Board of Directors of the Water Activity Enterprise (referred to hereafter as "Board") was held on Wednesday, the 7th day of December, 2005, at 5:30 P.M. Due to the closure of Grace Best Elementary School for weather-related issues, the meeting was held at the Arby's Restaurant, 540 Highway 105, Monument, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Brian Cross, Acting Chairman
John Anderson
Eckehart Zimmermann
Kajetan Nowacki

Upon motion duly made by Director Anderson, seconded by Director Zimmermann and, upon vote, unanimously carried, the absence of Barbara Reed-Polatty was excused and Brian Cross was appointed Acting Chairman for the meeting.

Also In Attendance Were:

Kammy K. Tinney; Special District Management Services, Inc.

Dan LaFontaine; Operations Manager

Paul C. Rufien, Esq.; Paul C. Rufien, P.C.

See attached list for others in attendance

ADMINISTRATIVE MATTERS

Agenda: Ms. Tinney reviewed the proposed agenda for the District's Regular Board Meeting. Following discussion, upon motion duly made by Director Nowacki, seconded by Director Zimmermann, and upon vote, unanimously carried, the agenda was approved, as amended.

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Minutes: The Board considered the Minutes of the November 2, 2005 regular meeting. Following discussion, upon motion duly made by Director Anderson, seconded by Director Zimmermann and, upon vote, unanimously carried, the Minutes of the November 2, 2005 meeting were approved.

2006 Regular Meetings: Following discussion, upon motion duly made by Director Anderson, seconded by Director Nowacki and, upon vote, unanimously carried, the Board determined to hold regular meetings on the fourth Thursday of every month at 5:30 p.m., at Tri Lakes Fire Department Station No. 1, Monument, Colorado.

FINANCIAL MATTERS

Claims: A revised claims list for the period ending December 7, 2005 was distributed. The Board considered approval of payment of claims through the period ending December 7, 2005, totaling \$13,600.10.

Following discussion, upon motion duly made by Director Anderson, seconded by Director Nowacki and, upon vote, unanimously carried, the claims through the period ending December 7, 2005 were approved.

Financial Report: Ms. Tinney reviewed the unaudited financial statements and the Schedule of Cash Position for the period ending November 30, 2005.

Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Nowacki and, upon vote, unanimously carried, the unaudited financial statements and the Schedule of Cash Position for the period ending November 30, 2005 were approved.

2005 Budget Amendment Hearing: The Acting Chairman opened the public hearing to consider the Resolution to Amend the 2005 Budget.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2005 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public was in attendance and the public hearing was closed.

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Following review and discussion, Director Anderson moved to adopt the Resolution to Amend the 2005 Budget, Director Zimmermann seconded the motion and, upon vote, the motion unanimously carried. A copy of the adopted Resolution is attached to these minutes and made a part hereof by this reference.

2006 Budget Hearing: The Acting Chairman opened the public hearing to consider the proposed 2006 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No further public comments were received and the public hearing was closed.

Ms. Tinney reviewed the estimated 2005 expenditures and proposed 2006 expenditures.

The Board directed that the 2006 budget be revised to reflect an increase to the Service Charge of \$25.00 per user.

Following discussion, the Board considered the adoption of the Resolution to Adopt the 2006 Budget and Appropriate Sums of Money. Upon motion duly made by Director Anderson, seconded by Director Nowacki and, upon vote, unanimously carried, the Resolution was adopted and execution of the Certification of Budget was authorized, subject to the revision discussed. Ms. Tinney was authorized to transmit the Certification to the Division of Local Government. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

US Bank line of credit: Director Cross reported that US Bank has approved a \$25,000 line of credit for the District. He will report on the fees and costs at the next meeting.

Investment Policy: Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Anderson and, upon vote, unanimously carried, the Board

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established a policy authorizing investments in accordance with State statutes.

BILLING MATTERS

Billing Report: The Board reviewed the Balances Due Report as of December 2, 2005.

Late fee waivers. Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Nowacki and, upon vote, unanimously carried, the Board approved the waiver of late fees for the following accounts: 1Z2941FW and 3Z6240SD.

Wilde property water service. Discussion was deferred to the January meeting.

Availability of Service charges: The Board reviewed the Balances Due Report as of December 1, 2005. The Board determined that all vacant lots are subject to the charge and there are no waivers of the charge for any reason.

Upon motion duly made by Director Anderson, seconded by Director Nowacki and, upon vote, unanimously carried, the Board determined that AOS charges are due and payable for 2004 and 2005.

Service Charge Increase: The Board discussed the need to raise an additional \$80,000 to cover the shortfall forecast in the 2006 budget. It was proposed that the Board consider increasing the administrative fee by \$25 per user, effective January 1, 2006.

Upon motion duly made by Director Nowacki, seconded by Director Zimmermann and, upon vote, unanimously carried, the Board determined to increase the administrative fee by \$25 per user, effective January 1, 2006. Staff was directed to prepare notification of the fee increase to residents.

LEGAL MATTERS

Public Hearing to consider the petition for inclusion of 40 acres owned by Doug and Margaret Higgins (the "Property"): The Chairman opened the public hearing to consider the inclusion of the Property.

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It was noted that publication of Notice stating that the Board would consider the inclusion of the Property and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

Director Nowacki noted that an inclusion fee of \$3,000 per acre is due per the District's Rules and Regulations as of November 8, 1994. Mr. Higgins indicated that there are no plans to subdivide or develop the property. He intends to build a single family residence only. It was noted that the Inclusion fees were waived for inclusion of the Schmidt property. Director Nowacki believes the Board should be consistent in application of fee waivers. The \$2,500 fee to cover costs of the inclusion and the \$1,000 deposit for design review will not be waived.

No public comments were received and the public hearing was closed.

Following discussion, upon motion duly made by Director Nowacki, seconded by Director Zimmermann and, upon vote, unanimously carried, the Board approved the inclusion of the Property as described in the Petition and the Resolution, subject to final revision and preparation of an Inclusion Agreement and directed counsel to complete the inclusion process. A copy the Resolution is attached hereto and incorporated herein by this reference.

Pike National Forest inclusion: Mr. LaFontaine noted that a 4 inch line will be needed to extend the main to the property. Ms. Tinney will contact and discuss the process for inclusion and provide a petition.

Rules and Regulations: Discussion was deferred.

Agreement for Operation, Maintenance & Capital Improvement Services-2006 with Independent Water Services: Attorney Rufien reviewed a standard form contract document with the Board. Director Cross noted that the District is in breach of the current contract due to the 30-day renewal provision. Ms. Tinney and Director Cross met with Mr. LaFontaine on December 5, 2005 to review the Agreement. The Board directed counsel to incorporate the comments and revisions and distribute

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the Agreement for review by all parties as soon as possible. The Board and Mr. LaFontaine agreed to extend the current contract during the negotiation period.

Memorandum of Understanding with Tri-Lakes/Monument Fire Rescue Authority: Mr. LaFontaine reported that his review found nothing in the MOU that was outside the current scope of operations and there were no fees or other changes from the current operation.

Director Nowacki felt that there was no need to change from the MOU to an intergovernmental agreement.

Following discussion, upon motion duly made by Director Nowacki, seconded by Director Anderson and, upon vote, unanimously carried, the Board accepted the MOU, as presented.

Raspberry Ridge/Red Rocks Reserve development: Director Cross reported that the final plat approval may occur in February of 2006.

May 2, 2006 Election of the Board of Directors: The Board discussed the upcoming election. Following discussion, upon motion duly made by Director Cross, seconded by Director Anderson and, upon vote, unanimously carried, the Board appointed Kammy K. Tinney as the Designated Election Official and authorized her to perform all tasks required for the May 2, 2006 Election of the Board of Directors for the conduct of a mail ballot election. The Board will consider including a question regarding imposing a mill levy.

OPERATIONS REPORT

Water Operator report: Mr. LaFontaine distributed and reviewed the Operational Report and Production Report for November 2005.

Variable Frequency Drive ("VFD"). The insurance claim has been submitted. Counsel is reviewing the Service Agreement. Ms. Tinney will direct the contractor begin the work when funds are available for payment.

COMMUNITY BUSINESS

Community comments: There were no comments from the members of the community.

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Unofficial website: Director Nowacki reported that he reviewed the unofficial website and confirmed the website contains a disclaimer indicating that it is not the official website of the District.

EXECUTIVE SESSION MATTERS

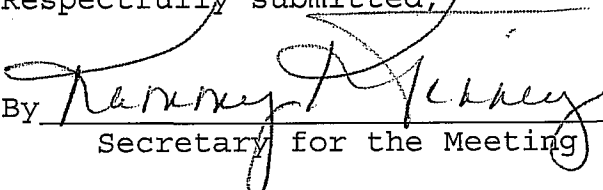
Unger civil case: Attorney Rufien has entered an appearance as counsel for the District. The Petrock firm has agreed to deliver the case files to him. The criminal case will be heard in early March and the civil case in mid-July.

Wells Fargo: There was nothing new to report.

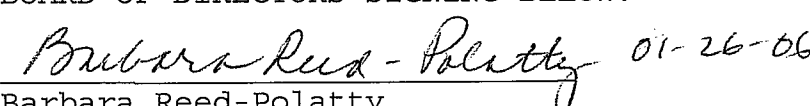
ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Anderson, seconded by Director Zimmermann and, upon vote, unanimously carried the meeting was adjourned.

Respectfully submitted,

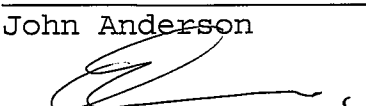
By 
Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL DECEMBER 7, 2005
MINUTES OF THE FOREST VIEW ACRES WATER DISTRICT BY THE
BOARD OF DIRECTORS SIGNING BELOW:

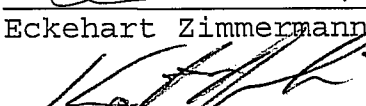
 01-26-06
Barbara Reed-Polatty

Brian Cross

John Anderson



Eckehart Zimmermann



Kajetan Nowacki

Please **print** your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE	ISSUE(S) TO BE ADDRESSED
John Heizer	Our Community News P.O. Box 1742 Monument CO	488-3455 80132	* Add John to packet distribution list
Jeff Walker	4835 Albo Lane	481-9128	-
Doug Higgins	PO Box 1558 Monument CO	488-3814	Water Inclusion

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FOREST VIEW ACRES WATER DISTRICT
TO ADOPT THE 2006 BUDGET
AND APPROPRIATE SUMS OF MONEY

ADOPT BUDGET

WHEREAS, the Board of Directors of the Forest View Acres Water District has appointed a budget committee to prepare and submit a proposed 2006 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted a proposed budget to this Board on or before October 15, 2005 for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on December 7, 2005, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Forest View Acres Water District:

1. That estimated expenditures for each fund are as follows:

General Fund:	\$109,500
Debt Service Fund:	\$ 90,741
Capital Improvement Fund:	\$ 53,000
Enterprise Fund:	\$271,000

2. That estimated revenues for each fund are as follows:

<u>General Fund:</u>	
From unappropriated surpluses	\$ -0-
From sources other than general property tax	109,500
From the general property tax levy	-0-
Total General Fund	<u>\$109,500</u>

Debt Service Fund:

From unappropriated surpluses	\$ 2,965
From sources other than general property tax	89,458
From the general property tax levy	-0-
Total Debt Service Fund	<u>\$92,423</u>

Capital Improvement Fund:

From unappropriated surpluses	\$ -0-
From sources other than general property tax	53,000
From the general property tax levy	-0-
Total Capital Improvement Fund	<u>\$53,000</u>

Enterprise Fund:

From unappropriated surpluses	\$ 20,976
From sources other than general property tax	373,974
From the general property tax levy	-0-
Total Enterprise Fund	<u>\$394,950</u>

4. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of the Forest View Acres Water District for the 2006 fiscal year.

5. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

APPROPRIATE SUMS OF MONEY

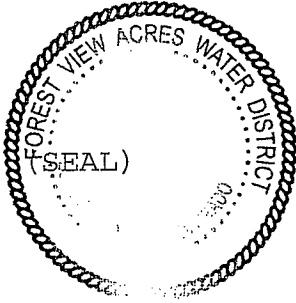
WHEREAS, the Board of Directors of the District has made provision for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Forest View Acres Water District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

General Fund:	\$109,500
Debt Service Fund:	\$ 90,741
Capital Improvement Fund:	\$ 53,000
Enterprise Fund:	\$271,000

ADOPTED this 7th day of December, 2005.



Ramona A. Hickey
Secretary

FOREST VIEW ACRES WATER DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: (303) 987-0835
Fax: (303) 987-2032

January 25, 2006

Division of Local Government
1313 Sherman Street, Room 520
Denver, Colorado 80203

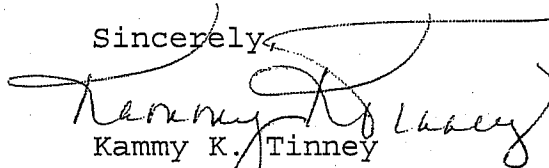
Re: Forest View Acres Water District; 2006 Budget

Ladies and Gentlemen:

Enclosed is the 2006 Budget as certified by the Board of Directors of the Forest View Acres Water District of EL Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S.

If there are any questions on the Budget, please contact Kammy K. Tinney, District Manager, at (303)987-0835.

Sincerely,



Kammy K. Tinney
District Manager

Enclosure

cc: Paul Rufien, Esq.

CERTIFICATION OF BUDGET

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Forest View Acres Water District, for the budget year ending December 31, 2006 as adopted on December 7, 2005.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Forest View Acres Water District in El Paso County, Colorado, this 7th day of December, 2005.

By: _____

District Manager



FOREST VIEW ACRES WATER DISTRICT
ADOPTED BUDGET
GENERAL FUND
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2004	ESTIMATED 2005	ADOPTED] 2006
Beginning Funds Available	\$ -	\$ -	\$ -
Revenues			
Interest Income	0	0	0
State Loan Proceeds	65,000	182,498	23,000
Total Revenues	65,000	182,498	23,000
Transfer In from Enterprise Fund	0	20,359	86,500
Total Funds Available	65,000	202,857	109,500
Expenditures:			
Management	9,968	0	10,000
Audit	0	0	3,000
Insurance/SDA Dues	2,812	3,179	3,500
Election	0	0	15,000
Legal	1,939	5,914	4,000
Litigation Legal Expense	0	0	50,000
Office Supplies-Postage	0	0	1,000
Total Expenditures	14,719	9,093	86,500
Transfers Out	50,281	193,764	23,000
Total Expenditures Requiring appropriations	65,000	202,857	109,500
Ending Funds Available	\$ -	-	\$ -

FOREST VIEW ACRES WATER DISTRICT
ADOPTED BUDGET
ENTERPRISE FUND
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2004	ESTIMATED 2005	ADOPTED 2006
Beginning Funds Available	\$ 17,920	\$ 22,397	\$ 20,976
Revenues			
Water Usage Fees	63,134	78,000	75,000
Late Fees	0	0	500
Service Fee Charges	59,832	60,890	143,964
Tap Administrative Fee	0	200	0
Tap Fees	0	25,000	150,000
Transfer Fees	150	2,800	500
Tap Repair Reimbursement	0	0	3,500
Electric Provider Capital Credit	506	416	500
Interest Income	0	8	10
Miscellaneous Income	7,113	28	0
State Loan Proceeds	0	0	0
Wells Fargo Loan Proceeds	15,000	0	0
Total Revenues	145,735	167,342	373,974
Total Funds Available	163,655	189,739	394,950
Expenditures:			
Administrative			
Office Management	14,952	0	25,000
Audit	0	6,000	4,000
Billing	0	8,325	0
Insurance/SDA Dues	4,218	5,100	5,200
Telephone	1,048	2,000	2,200
Cellular	887	900	900
Legal	2,909	10,854	6,000
Dues-AWWA	190	0	200
District Web Site	497	0	200
Office Supplies-Postage	862	8,000	6,500
Miscellaneous	2,289	225	500
Sub-Total Administrative	27,852	41,404	50,700
Operations			
Operations Manager	47,309	52,000	51,100
Mileage	53	0	100
Meter Reading & Maintenance	0	0	0
Repairs and Maintenance	1,319	6,500	6,000
Supplies and Chemicals	1,178	8,000	1,600
Utilities-Gas	7,215	20,000	12,000
Utilities-Electric	11,821	11,000	23,000
Utilities-Sanitation	1,143	3,000	3,000
Water Testing	2,769	6,500	7,000
Sub-Total Operations	72,806	107,000	103,800
Embezzlement	33,135	0	0
Transfer Out to Debt Fund	7,465	0	0
Transfer Out to General Fund	0	20,359	86,500
Transfer Out to Capital Fund	0	0	30,000
Total Expenditures	141,258	168,763	271,000
Ending Funds Available	\$ 22,397	\$ 20,976	\$ 123,950

FOREST VIEW ACRES WATER DISTRICT
ADOPTED BUDGET
DEBT SERVICE FUND
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2004	ESTIMATED 2005	ADOPTED 2006
Beginning Funds Available	\$ 2,552	\$ 2,552	\$ 2,965
Revenues			
Debt Service Fees	86,424	87,048	87,048
Availability of Service	0	2,000	2,400
Interest Income	0	5	10
Total Revenues	86,424	89,053	89,458
Transfer In from Enterprise Fund	7,465		
Transfer In from General Fund	50,281		
Total Funds Available	146,722	91,605	92,423
Expenditures			
Bond Principal	80,000	40,000	45,000
Bond Interest	63,571	42,412	39,513
DOLA Loan Payment		5,828	5,828
Bond Service Charge	600	400	400
Cash Flow Reserve	0	0	0
Total Expenditures	144,171	88,640	90,741
Ending Funds Available	\$ 2,552	\$ 2,965	\$ 1,682

FOREST VIEW ACRES WATER DISTRICT
ADOPTED BUDGET
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2004	ESTIMATED 2005	ADOPTED 2006
Beginning Funds Available	\$ -	\$ -	\$ -
Revenues			
Tap Fees	12,500	0	0
Inspection Deposit	0	1,100	0
DOLA Loan Proceeds	0	0	0
Colo. Health Dept Grant	0	0	0
Raspberry Ridge Inclusion	2,240	0	0
Total Revenues	14,740	1,100	0
Transfer from Enterprise Fund		0	30,000
Transfer from General Fund	0	193,764	23,000
Total Funds Available	14,740	194,864	53,000
Expenditures			
Legal	0	0	0
Infrastructure Projects	0	45,095	23,000
Engineering	0	10,000	0
Survey Expenses	1,010	0	0
Raspberry Ridge Infrastructure	0	0	30,000
Misc Capital Expenses	0	139,769	0
Embezzlement	13,730	0	0
Total Expenditures	14,740	194,864	53,000
Ending Funds Available	\$ -	\$ -	\$ -

FOREST VIEW ACRES WATER DISTRICT
2006 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

The 2006 Budget of the Forest View Acres Water District is prepared using a modified accrual basis of accounting.

The Board of Directors acknowledges the adoption of the TABOR Amendment on November 3, 1992 and has attempted to comply within the spirit of the TABOR Amendment as best as possible given the ambiguities which exist in interpreting its provisions.

Services Provided

The District was organized in 1956 to provide water service to property within its service area.

The District serves approximately 275 households and is located entirely within the boundaries of El Paso County. Existing development within the District consists primarily of residential housing.

Revenue

General Fund: The primary source of revenue for general operations in 2006 is interest income, State Loan proceeds and transfer from the Enterprise Fund.

Debt Service Fund: The primary source of revenue for debt service in 2006 is a debt service fee collected from all property owners within the District.

Availability of Service fees are also sources of revenue.

Enterprise Fund: The District has established an Enterprise Fund for water operations in accordance with Section 37-45.1-101, et. seq., C.R.S. No property taxes or grants are received by the Enterprise Fund. The Enterprise Fund is exempt from the provisions of the TABOR Amendment.

Capital Improvements Fund: The primary source of revenue for capital improvements is transfers from the Enterprise Fund and the General Fund.

Expenditures

Enterprise Fund: The District's expenditures for operating and maintenance in the Enterprise Fund are based upon the same level of service as the current and prior years.

General Fund: The District's expenditures for general administrative services are based upon the same level of service as the current and prior years.

Debt Service Fund: Expenditures in the debt service fund are in accordance with the debt service schedules for principal and interest payments.

Capital Improvements Fund: The District's expenditures for capital improvements are based upon the same level of service as the current and prior years.

Emergency Reserve Fund: The District has provided for an Emergency Reserve Fund in the amount of 3% of the total expenditures in the General Fund in accordance with the TABOR Amendment.